FSC-102-A	6/16/95	TO: RM

SUBJECT:	Price Gap Execution

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(NOTE: Sent to Division Managers and below, including Sales Rep, Temporary and Promotional Specialists via U.S. Mail)

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Senior Vice President - Sales

MICROSOFT MAIL

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June 16, 1995

MEMORANDUM TO: ALL FIELD SALES REPRESENTATIVES

SUBJECT: PRICE GAP EXECUTION

I am writing directly to each of you in order to stress the importance of our price gap strategy execution and to ensure there is a clear and consistent understanding of the strategy throughout Sales. The first question on everyone's mind is... does price gap work? The answer is "yes." In markets where we have done an effective job of executing the strategy, our share results are strong. However, over the past six weeks, there is a nagging issue; on a national basis, our execution of the price strategy is not at an acceptable level, and this continues to have a negative impact upon our total share results.

In my opinion, it appears to be either a reporting problem, or we have not clearly communicated the strategy and there is confusion as we attempt to execute it. In either case, I am asking for your help to fix it quickly because it's costing us business.

Let's look at the first potential issue, it's a reporting problem. In your assignments, we have identified stores where you answer certain questions and report pricing information on an on-going basis. It is critical that these stores are called upon regularly and that the information is reported accurately. If you are unsure and have questions about pricing reporting, don't guess, please call your manager and discuss the reporting (complete details and explanations may be referenced in FSC 23-C, dated 2/13/95).

The second potential issue is more difficult and complex; it deals with a complete understanding of the price gap strategy. In an attempt to provide a clear understanding, attached is a key point summary of our price gap strategy (Attachment I). In addition, attached is a comprehensive Q and A (Attachment II) of the most often asked execution questions.

I realize there is a lot of information in the attachments, but the fact that we have gone to this level of detail should be an indication to you of how important it is to us to execute the strategy right, so please take the time to read and digest the information. If questions or issues remain, contact your manager and discuss/work the issues, or call me at 910-741-7924 – it's that important!

The bottom line is that if we execute our price gap strategy correctly, our full price business is solid. Remember, our full price business is our bread and butter and pays the bills. I look forward to improved price gap execution.

Jim

Jim Maguire
JVM/kp
Attachments
cc/attachments: Area Vice Presidents
Field Sales Management

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